



## BlackBerry Stock: Should You Buy As It Sours Further?

### Description

All it took was a few weeks for **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock to go from ridiculously overvalued to dirt cheap. Undoubtedly, many “diamond-handed” retail investors at Reddit’s WallStreetBets are still holding on for dear life (HODL) amid the carnage.

While the diamond hands have been heavily outweighed by the “paper hands” of late, I think BlackBerry stock is now closer to a bottom than a top. But should you be a [buyer](#)? Or could a better entry point be in the cards sometime soon?

### Where did all the Reddit investors go?

Shares suffered a 34% peak-to-trough drop in a matter of weeks, as the stock cooled off from the May-June meme stock pop. Whether or not there will be a third WallStreetBets spike will be in the cards for BlackBerry stock is anybody’s guess.

Given the appetite for speculative bets remain as high as ever, I wouldn’t dare bet against another pump in the stock from happening at some point over the next 18 months.

Still, I wouldn’t look to back up the truck on shares of BlackBerry either, as the stock is still priced well above the price targets of most analysts who remain firm on their “sell” ratings.

Moreover, I think there’s a high chance that the stock could overswing to the downside, as the negative momentum snowballs on itself. Undoubtedly, single-digit territory could be met this year, as the WallStreetBets hangover continues.

### BlackBerry stock could sour further

In prior pieces, I urged investors to wait for the dust to [settle](#) on BlackBerry stock and for prices to fall back to Earth, perhaps below the Street-high price target of **CIBC's** Todd Coupland, who has a nearly \$14 per share price target on the Canadian meme stock.

Today, at \$13 and change, shares are no longer insanely valued. In fact, given that things are looking up for the enterprise software company, shares may be worthy of a nibbling today.

At the time of writing, the stock trades at 4.1 times book value and 6.9 times sales. That's not at all expensive for a software company that's in the midst of a generational transformation. But with weaker-than-expected numbers revealed in its latest quarter, the patience of investors will be put to the test.

## Another tough quarter in the books

Just last month, BlackBerry pulled the curtain on its first-quarter fiscal 2022 Q1 results and they were not pretty. The brutal numbers likely added to the negative momentum as meme stock investors moved on to sexier opportunities.

While revenues and earnings were okay, the weakness in the cybersecurity segment was of concern. The segment was actually down 10% year over year from \$119 million to \$107 million. Undoubtedly, cybersecurity was one of the major drivers of BlackBerry stock, so the numbers weren't encouraging.

Although the internet of things (IoT) segment exhibited strength, growing 48% year over year, the bright spot proved not to be enough to offset the flat growth in software and services or the weakness in cybersecurity.

## The Bottom line on BlackBerry stock

After such a tough quarter, my stance is unchanged on BlackBerry stock, even if shares are nearing the end of their latest sell-off. I wouldn't look to add to a stake at \$13 and change.

Although BlackBerry may very well be the most investible (and cheapest) meme stock doesn't mean it's a buy. I view the stock as fairly valued at best and would wait for further weakness before considering initiating a position.

If you're looking to trade a bounce off the bottom or plan to dollar-cost average (DCA) into a full position, I'm certainly not against doing such. Just have realistic expectations and don't expect another Reddit rally anytime soon.

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2. TSX:BB (BlackBerry)

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